

## Message Text

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ACTION STR-04

INFO OCT-01 STRE-00 IO-13 AF-08 ARA-06 EA-07 EUR-12 NEA-10

ISO-00 OIC-02 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00

USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /132 W

-----131727Z 032189 /41

P R 131702Z JAN 77

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 2172

INFO AMEMBASSY TOKYO

AMEMBASSY LONDON

USMISSION EC BRUSSELS

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ACTION STR

E.O. 11652: N/A

TAGS: ETRD, MTN, JA

SUBJECT: NEW YEAR'S TOUR D'HORIZON WITH UKAWA

1. SUMMARY: UKWAA TOOK VERY CAUTIOUS VIEW OF GOJ ATTITUDE TOWARD TRADE NEGOTIATIONS, STRESSING IT IS UNCLEAR WHICH OFFICIALS, BELOW THE PRIME MINISTER, WOULD BE INFLUENTIAL IN TRADE POLICY. HE EXPRESSED PERSONAL BELIEF THAT MTN WOULD HAVE TO EXTEND BEYOND THE END OF 1977 IF THE CURRENT AGENDA WERE TO BE COMPLETED AND VOICED THE HOPE THAT THE U.S. INITIATIVE FOR A MINISTERIAL-LEVEL TNC WOULD BE ABANDONED. END SUMMARY.

2. UKAWA TOLD ME HE WAS UNABLE TO PREDICT CONFIDENTLY THE DIRECTION OR PACE OF JAPANESE TRADE POLICY UNDER THE NEW FUKUDA GOVERNMENT BECAUSE OF UNCERTAINTY ABOUT TH NEW PLAYERS. WHILE DUKUDA IS PERSONALLY KNOWLEDGEABLE ABOUT

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TRADE POLICY, HE OBSERVED THAT NEITHER THE NEW FINANCE MINISTER NOR THE NEW MITI MINISTER HAD ANY TRADE POLICY EXPERIENCE AND THAT IT WAS UNCLEAR WHICH OF THE LIEUTENANTS AROUND FUKUDA WOULD INFLUENCE TRADE POLICY DECISIONS.

3. IN THIS CONNECTION HE NOTED THAT A MINISTERIAL-LEVEL

MEETING IS SCHEDULED FOR JANUARY 16 IN TOKYO WITH AUSTRALIA TO DISCUSS, AMONG OTHER THINGS, THE AUSTRALIAN BEEF QUOTA FOR NEXT YEAR. UKAWA NOTED THAT THE AMOUNT OF BEEF IN DISPUTE IS RELATIVELY SMALL (A QUESTION OF WHETHER IT IS TO BE 200,000 OR 250,000 TONS). HOWEVER, HE STATES THAT THE DECISION WHICH IS ULTIMATELY REACHED AND THE MANNER IN WHICH IT IS REACHED COULD PROVIDE IMPORTANT SIGNALS ON THE NEW GOVERNMENT'S TRADE POLICY APPROACH.

4. AT SEVERAL POINTS DURING THE CONVERSATION UKAWA EXPRESSED CONCERN ABOUT THE THIN MAJORITY POSSESSED BY THE GOVERNMENT AND THE POTENTIAL CAUTION WHICH THIS MIGHT IMPART ON TRADE ISSUES. HE MUSED THAT, IF HE WERE IN TOKYO, HE MIGHT WELL HAVE RECOMMENDED THAT THE NEW GOVERNMENT LAUNCH AN OFFENSIVE TO SUCCESSFULLY COMPLETE THE TOKYO ROUND DURING 1977 EVEN IN THE FACE OF THE DIFFICULTIES AND RISKS THAT WOULD ENSURE GIVEN THE LACK OF ADEQUATE PERAPATION TO DATE BY MOST JAPANESE MINISTRIES. HOWEVER, HE CONTINUED, HE WAS NOW DISSUADED FROM THIS APPROACH BECAUSE THE GOVERNMENT'S MAJORITY WAS SO SLENDER. HE BELIEVES, GIVEN THE POLITICAL SITUATION, THAT THE GOVERNMENT CANNOT AFFORD TO TAKE BEFORE THE DIET ANY PROPOSAL ON WHICH THERE IS LESS THAN SOLID BUREAUCRATIC BACKING. THEREFORE, ONE OF THE REASONS HE BELIEVES THE MTN SHOULD BE STRETCHED OUT BEYOND THE END OF 1977 IS TO ASSURE ADEQUATE TIME FOR GOJ INTERGOVERNMENTAL CONSENSUS TO BE DEVELOPED IN FAVOR OF A LARGE MTN PACKAGE.

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INFO OCT-01 STRE-00 IO-13 AF-08 ARA-06 EA-07 EUR-12 NEA-10  
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NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00  
USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /132 W

-----131745Z 032264 /42

P R 131702Z JAN 77  
FM USDEL MTN GENEVA  
TO SECSTATE WASHDC PRIORITY 2173  
INFO AMEMBASSY TOKYO  
AMEMBASSY LONDON  
USMISSION EC BRUSSELS

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ACTION STR

5. I INQUIRED WHETHER CURRENT JAPANESE TRADE DIFFICULTIES WITH THE EC AND POTENTIAL DIFFICULTIES WITH THE U.S. WOULD PROMPT GOJ TO USE THE MTN AS A FORUM TO NEGOTIATE SOLUTIONS SINCE THE RESULTS OF THE MTN WOULD PROVIDE BENEFITS TO JAPAN AS WELL AS ADDITIONAL OBLIGATIONS. UKAWA REPLIED HE FELT THIS POSSIBILITY HAD NOT BEEN CONSIDERED AT HIGH LEVELS IN JAPAN, BUT THAT IF IT HAD BEEN UP TO HIM, HIS RESPONSE TO THE EC LAST AUTUMN WOULD HAVE BEEN TO PUT ALL THE ISSUES INTO THE MTN AND UNDERTAKE TO COMPLETE NEGOTIATIONS BY THE END OF THIS YEAR. HOWEVER, FOR THE REASONS STATED IN PARA 4, HE NOW FEELS THAT TOO MUCH TIME HAS ELAPSED FOR THE END OF 1977 TO BE A FEASIBLE DATE AND THAT, CONSEQUENTLY, THIS OPTION IS NO LONGER LIKELY.

6. UKAWA INDICATED THERE IS MUCH SCUFFLING ON THE PERSONNEL FRONT AND, UNLESS AN ANNOUNCEMENT IS MADE  
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RATHER QUICKLY, HE BELIEVES SELECTION OF A GOJ MTN AMBASSADOR WILL BE DELAYED UNTIL AFTER THE DIET ADJOURNS AT THE END OF APRIL. HE SAID THAT SAWAKI IS SHOOTING FOR YOSHINO'S JOB IN THE MFA AND HAS TAKEN HIMSELF OUT OF MTN CONSIDERATION. MOST OTHER SENIOR TRADE-ORIENTED DIPLOMATS ARE ALL RATHER HEAVILY ENGAGED AND THOSE IN TOKYO ARE NEEDED THERE TO DEFEND GOVERNMENT POLICY IN THE DIET. CONSEQUENTLY, UKAWA SAW A POSSIBILITY OF "UNKNOWN" BEING NAMED OR OF NO ACTION BEING TAKEN UNTIL AFTER THE DIET ADJOURNS.

7. UKAWA WAS NONCOMMITTAL ON THE SPECIFIC ISSUES WHICH I RAISED. HE DOES NOT BELIEVE PROSPECT OF NEW RESTRICTIONS ON JAPANESE FISHING WILL LEAD THE GOJ TO INCREASE SUBSTANTIALLY THE QUOTA FOR BEEF. HE REITERATED THE GOJ PREFERENCE FOR SIMPLE EXTENSION OF THE MFA, BUT MERELY WRUNG HIS HANDS AT THE CURRENT DIFFICULTIES WHICH THOSE NEGOTIATIONS FACE AND HE OFFERED NO SUGGESTIONS FOR

MOVING AHEAD ON AGRICULTURAL NEGOTIATIONS, OTHER THAN  
TO OBSERVE THAT THE KEY LAY WITH THE U.S. ON WHETHER OR  
NOT SOME KIND OF COMMODITY ARRANGEMENT WOULD BE ACCEPTABLE  
IN CEREALS.

8. UKAWA INQUIRED WHETHER U.S. INTENDED TO PRESS ITS  
IDEA FOR MINISTERIAL TNC, SAYING HE HOPED NOT BECAUSE  
OF LDC IMPLICATIONS AND FORTHCOMING COMMON FUND AND  
CIEC MEETINGS.

9. AFTER MENTIONING WORLD-WIDE PUBLICITY ABOUT PRESIDENT-  
ELECT CARTER'S BUSINESS EXPERIENCE WITH PEANUTS, UKAWA  
IMAGINED NOT EVERYONE KNEW FUKUDA WAS ALSO ONCE A PEANUT  
FARMER. UKAWA NOTED WITH SOME IRONY THAT THE NEW  
HEADS OF GOVERNMENTS OF THE TWO COUNTRIES EXPECTED TO  
LEAD THE WAY FOR TRADE LIBERALIZATION BOTH HAD CONNECTIONS  
WITH PERHAPS THE ONLY PRODUCT SUBJECT TO LONG-STANDING  
QR'S IN BOTH OF THEIR COUNTRIES. WALKER  
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## Message Attributes

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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Original Previous Classification:** n/a  
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**Status:** NATIVE  
**Subject:** NEW YEAR'S TOUR D'HORIZON WITH UKAWA  
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